Supreme Court, U.S.
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No. 04-1459

IN THE

Supreme Court of the United States

SOUTHCO, INC.,

Petitioner,

v.

KANEBRIDGE CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Is it appropriate for the Court to grant certiorari on the issue of the copyrightability of digital works when the record below is utterly devoid of any mention of this issue?

2. Does a nine-digit numerical part number which is not capable of behavior when processed qualify as a digital work?

3. Does a nine-digit part number automatically generated by a numbering system, which uses inflexible rules to mechanically produce a digit or group of digits based on a part's attributes, demonstrate any spark of creativity?

4. Does a ruling that denies copyright to part numbers based on their analogousness to the lack of creativity inherent in short phrases threaten the copyright protection of works created in the future?

RULE 29.6 DISCLOSURE STATEMENT

Respondent, Kanebridge Corporation, has no parent corporation and no publicly held company owns 10% or more of its stock.

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INTRODUCTION

In addition to presenting arguments for denying certiorari, this brief addresses the misstatements of fact and law asserted by Southco, namely that Southco's part numbers are digital works and that Southco can introduce the issue of digital works at this late stage of the case.

Nowhere in the record of either the District Court or in the appellate record of *Southco I*,[1] *Southco II*,[2] *or Southco III*[3] are the nine-digit part numbers in issue referred to, identified as, or discussed as, a "digital work." Nowhere in the record of either the District Court or in the appellate record of *Southco I*, *Southco II*, *or Southco III* does Southco raise the argument that a nine-digit part number is analogous to a digital work or would implicate the protection accorded to digital works.[4]

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1. *Southco, Inc. v. Kanebridge Corp.*, 258 F.3d 148 (3d Cir. 2001) (order reversing District Court's grant of preliminary injunction).

2. *Southco, Inc. v. Kanebridge Corp.*, 324 F.3d 190 (3d Cir. 2003) (order reversing District Court's grant of summary judgment).

3. *Southco, Inc. v. Kanebridge Corp.*, 390 F.3d 276 (3d Cir. 2004) (en banc) (decision affirming District Court's grant of summary judgment from which Southco now appeals).

4. Kanebridge does not dispute the "Opinions and Orders Below" or "Jurisdiction" statements made by Southco in its Petition for a Writ of Certiorari.

STATEMENT OF THE CASE

In its original complaint, Southco alleged that Kanebridge infringed on its copyright by making references to its nine-digit part numbers. These numbers are derived from Southco's numbering system, which uses pre-formulated rules to automatically generate a number to represent the obvious attributes of Southco's hardware. App. at 82-83. Kanebridge's cross-reference to these part numbers apprised consumers of a lower-cost alternative to Southco's parts. App. at 4.

The District Court issued a preliminary injunction against Kanebridge on the grounds that Southco's numbering system evinced creativity and effort, and was sufficiently original to meet the requirements for copyright protection. App. at 58. The Third Circuit Court reversed the District Court's decision, finding that the District Court had made a serious mistake in failing to distinguish between Southco's part numbers and its numbering system. App. at 74. Because Southco was looking to protect its part numbers, not its numbering system, and because the Third Circuit could not find even a spark of creativity in the part numbers, the grant of a preliminary injunction was reversed. App. at 75.

Upon remand to the District Court, Kanebridge's motion for summary judgment was granted, notwithstanding Southco's submission of a declaration from Robert H. Bisbing as new evidence. When the case reappeared before the Third Circuit, Southco prevailed, primarily because of the procedural errors made by the District Court in automatically adhering to *Southco I* and not giving the new evidence its due consideration. App. at 98-101.

In the *en banc* decision that Southco now appeals, the Third Circuit determined that the Bisbing declaration did not indicate a sufficient level of creativity within the product numbers to grant them copyright protection. It separately found that the numbers qualified as short phrases, and if awarded protection, would establish a "principled basis" for the copyrightability of many other analogous numbers. The *en banc* court was not willing to extend such protection because it would require the numerous users of these numbers to assert fair use defenses. App. at 20.

REASONS FOR DENYING THE PETITION

I. Petitioner's "Digital Works" Issue Has Not Been Presented Before This Appeal.

It is a long-standing rule that issues and arguments should only be heard on appeal if a lower court has "pressed or passed upon" them. *United States v. Williams*, 504 U.S. 36, 41 (1992). An issue or argument is "pressed or passed upon below" when the record reflects that it has been raised or decided. This rule exists to ensure that an appellate court has had the benefit of a full record or lower court determination when reviewing and examining the facts of a given issue. 19 James Wm. Moore et al., Moore's Federal Practice § 205.05 (3d ed. 2005).

In its Petition for Certiorari, Southco presents for the first time a claim that its part numbers are "digital works" entitled to copyright protection. Pet. at 4. Use of the term "digital works" is not a mere exercise of word choice that raises a question of semantics. Instead, this term introduces a novel, broader spectrum of issues and requires the Court to familiarize itself with facts and standards that are absent

from the record. Southco argues that the term "part numbers" is misleading, as the digits used in Southco's part numbers are not "numbers as such," but rather have "only symbolic value." *Id.* Even assuming, for purposes of this argument, that these part numbers serve as symbols, the record is devoid of any basis for demonstrating why part numbers should be included in the family of digital works and granted the copyright protection that such membership may afford.

II. The Third Circuit's *En Banc* Decision Will Not Pose A Challenge To Existing Copyright Protection.

Southco warns that *Southco III*, if upheld, will allow for the comprehensive denial of copyright protection for all "digital works of nine or fewer digits, however creative; and works of any length which are produced by the rules of a system." Pet. at 6. However, the defects in Southco's argument mitigate the gravity of this warning. Southco's characterization of its part numbers as digital works reflects a gross misunderstanding of the essential attributes of digital works. Furthermore, Southco supports this erroneous argument based upon digital works by conflating the issues that *Southco III* names as two distinct bases upon which to deny copyright protection—the absence of even a spark of creativity and the part numbers' analogousness to short phrases. App. at 13-14; App. at 19-21.

A. The Third Circuit's *En Banc* Treatment of Southco's Part Numbers Does Not Apply to "Digital Works," As These Part Numbers Do Not Qualify As "Digital Works."

The crux of Southco's argument is the copyright protection of digital works, yet Southco cannot establish that the part numbers it seeks to protect are digital works. Although Southco never defines what it considers to be a "digital work," it appears that its part numbers are in *numerical*, not digital, format. The link between part numbers and digital works is nonexistent. Although the term "digital works" has yet to be rigorously defined, analysis of existing legal and scientific scholarship demonstrates that digital works do not encompass part numbers solely because they are "digits" which happen to have symbolic value. For example, the ABA Section of Intellectual Property Law proposes the following definition of "digital works" for copyright purposes: "literary works consisting of an ordered set of symbols selected from a discrete alphabet, such as a computer program or knowledge [structure], *that are capable of behavior when processed.*" (emphasis added). 1996 ABA Sec. Intellectual Property Law Rep. 520. Consistent with this definition of "digital works," the Copyright Act defines "computer program" as "a set of statements or instructions to be used directly or indirectly in a computer to bring about a certain result." 17 U.S.C. § 101 (2005).

Southco's part numbers are not a program or other set of instructions that can command a computer to perform a given set of operations. Rather, they are purely static representations of the attributes of Southco's products, presented in numerical, not digital, format. As such, Southco's numbers are not digital works, and any construction of "digital works" which would encompass these part numbers would be strained and contrary to this term.

Southco cites computer object code as an example of a number "analogous" to one of its part numbers in an attempt to show the perilous effect that *Southco III* would have upon well-established copyright protection. This analogy evinces Southco's failure to appreciate that the copyrightability of object code in a computer program is a unique exception to the uncopyrightable subject matter set forth in § 102(b) of the Copyright Act. This exception, codified in the 1980 Amendment to § 101, was designed specifically to encourage the creation of software, per the recommendation of the National Commission on New Technological Uses of Copyrighted Works. 17 U.S.C. § 101-02 (2005); *Final Report of the National Commission on New Technological Uses of Copyrighted Works* 12 (1978). Furthermore, as an exception to § 102(b), the Copyright Office gives special treatment to computer program object code that would be inapplicable to Southco's product numbers.

The exception made for object code contained in a computer program stems from its role within the computing framework. If a computer is to understand a program, a compiler must translate the human-readable source code into object code. Lee A. Hollaar, *Legal Protection of Digital Information* 122-23 (BNA Books 2002). To construe object code as a translation or derivative of source code could enable the author of a compiler to exert copyright control over any compiled object code. Because consumers purchase and use software in the form of object code fixed in memory, such as a CD-ROM or server, this arrangement would deprive source code authors of the ability to market their product independently (even if they have copyrighted their source code), and would thwart Congress' intention to encourage creative computer programming. To prevent compiler authors from acquiring extensive control over source code authors'

ability to sell their products, the Copyright Office has determined that object code and source code are legally indistinguishable for the purposes of copyright protection, despite their obvious technological differences. Mathias Strasser, *A New Paradigm in Intellectual Property Law? The Case Against Open Sources*, 2001 Stan. Tech. L. Rev. 4.

It is also unavailing for Southco to state that its part numbers and computer object code are both produced through the mechanical application of fixed rules. Object code cannot be viewed as analogous to part numbers, as the copyrightability of object code is based on a legislative exception unique to object code. *Id.* The special circumstances justifying copyright protection for object code are nonexistent in the instant case. There is no second party contribution of originality to the generation of Southco's part numbers that would diminish Southco's ability to market its product. Moreover, Southco's number-generating process does not include a copyrightable counterpart to the creative source code which provides the copyright hook for object code. Finally, contrary to Southco's assertion that object code would be treated differently based on the *Southco III* rationale, the number generating process and the originality of part numbers is analogous to a compiler, which does not impart any originality sufficient to support copyright protection. *Id.* Like the compiler, which does not make any legally significant contribution of originality to object code, Southco's numbering system does not impart a sufficient level of originality.

B. The Third Circuit's *En Banc* Denial Of Copyright Protection Rests Solidly On The "Creative Spark" Test Established In *Feist.*

Southco mischaracterizes the Third Circuit's *en banc* opinion regarding works produced by the rules of a system. In perfect accordance with the widely accepted idea/expression test for copyrightability, *Southco III* examined the expression to be copyrighted—Southco's product numbers—for the requisite level of creativity. *Feist Publ'ns v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361-63 (1991). Part II, Section B of *Southco III* states the results of the Third Circuit's analysis twice, finding that the part numbers are not entitled to copyright protection because they are the result of "a mechanical application of the rules and do not reflect even a spark of creativity," App. at 13-14, and were "mechanically produced by the inflexible rules of the Southco system." App. at 17.

The mere involvement of "rules of a system" in Southco's process is neither the focus of the inquiry in *Southco I* or *Southco III*, nor a justification for the denial of copyright protection; rather it is the lack of creativity within Southco's product numbers upon which the Third Circuit rested its conclusion. Nothing threatens or implicates the protection of rule-based works when the requisite amount of creativity in the work is present.

Accordingly, Southco's assertion that the *Southco III* opinion conflicts with past precedent is without merit. In *Southco I*, the Third Circuit correctly analyzed *Toro Co. v. R&R Products Co.*, 787 F.2d 1208 (8th Cir. 1986), *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366 (10th Cir. 1997), and *American Dental Ass'n v. Delta Dental Plans Ass'n*, 126 F.3d

977 (7th Cir. 1997), and highlighted the relevant distinctions between the works in those cases and Southco's product numbers. None of these cases lends support to Southco's suggestion that digital works are implicated by the instant case.

C. It Is Improper To Extend To Digital Works The Third Circuit's *En Banc* Holding That Part Numbers Are Too Analogous To Short Phrases To Grant Southco Its Requested Copyright Protection.

As an additional basis for denying copyright protection, the Third Circuit's *en banc* opinion determined that "[Southco's part numbers] are analogous to short phrases or the titles of works." App. at 18. From this statement, Southco erroneously arrives at a categorical prohibition of copyright protection for "digital works of nine or fewer digits, however creative". Pet. at 6. In actuality, *Southco III* only addresses the application of the long-standing short phrases regulation to "*part and product numbers (and other analogous numbers)*." App. at 20 (emphasis added). Indeed, the Third Circuit's *en banc* holding and analysis are limited to the fact that numbers such as the ones at issue are very commonly used; as such, copyright protection would impose an impermissibly heavy burden of proving fair use upon anyone who happens to use these numbers or any portion thereof. App. at 19-20.

Also, the analogous relationship between Southco's part numbers and short phrases that serves as the backbone of the *Southco III* reasoning does not exist between digital works and short phrases. The numbers that appear in digital works and the numbers that serve to identify products and parts are completely different with respect to the functions that they serve and the practical consequences they bring about when

copyrighted. For this reason, Southco's interpretation of *Southco III* is erroneous, as it seeks to extend the Third Circuit's *en banc* position on part and product numbers to the combination of numerical instructions that comprise digital works, such as binary code.

CONCLUSION

Southco is procedurally precluded from introducing the issue of digital works at this late stage. Even assuming the Court decides to review the issue of digital works, Southco's part numbers simply do not qualify as digital works and therefore are not entitled to copyright protection on that basis. Furthermore, as numerical works, the part numbers are too lacking in creativity and too similar to short phrases to be copyrighted. The Third Circuit's *en banc* decision should stand, as it was the product of sound analysis using a standard idea/expression test for copyrightability and does not imperil the copyright protection of works created in the future.

For each of these reasons, the Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Third Circuit

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I. OBJECT CODE WAS SQUARELY BEFORE THE THIRD CIRCUIT WHEN THE "MECHANICAL APPLICATION" FORMULA WAS FIRST ENUNCIATED

Kanebridge's assertion, that Southco has not before now presented the claim that its part numbers are entitled to copyright protection on the same basis as object code, is demonstrably incorrect. In Southco's first brief in the Court of Appeals in this case, in opposition to Kanebridge's appeal from the preliminary injunction, Southco spelled out in clear and unmistakable terms that its part numbers fell squarely within the category of copyrightable works of authorship comprising object code. A199-201; 205-207. Southco cited *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1249 (3d Cir. 1983), in which the string of 1's and 0's comprising object code was found to be copyrightable over the contention that its only use was to operate a computer. Southco also cited the decision in *Williams Electronics, Inc. v. Artic Inter., Inc.*, 685 F.2d 870 (3d Cir. 1982), in which the court rejected the contention that object code embodied in a computer chip could not be copyrightable. All but three of the other cases cited by Southco in support of its claim of copyrightability involved computer software. The majority opinion below undertook to distinguish *Whelan Assocs.*, but not on the basis that Southco's part numbers are not "digital works." A 17, n4. The "digital works" issue as propounded by Kanebridge was thus squarely before the Third Circuit.

II. THE THIRD CIRCUIT DECISION POSES A DIRECT CHALLENGE TO EXISTING COPYRIGHT PROTECTION: IT DOES NOT DISTINGUISH BETWEEN WORKS COMPRISED OF NUMBERS AND DOES NOT EXCLUDE COMPUTER OBJECT CODE

The Third Circuit has held Southco's nine-digit part numbers to be uncopyrightable on two separate grounds: because they are fewer than ten digits and because they are mechanically produced by the inflexible rules of the Southco system. A17. The first holding, by its terms, precludes copyright to a digital work of nine or fewer digits, whether it is object code or not. The second holding, by its terms, precludes copyright to a digital work, including object code, which is mechanically produced by the rules of a system. Although the relationship between Southco's part numbers and other digital works, including object code, had been squarely presented to the court, there is nothing in the Third Circuit opinion and nothing is offered by Kanebridge to provide any "principled basis" for excluding object code from either of the holdings of the Third Circuit in this case.

III. THE THIRD CIRCUIT HOLDINGS IN *SOUTHCO I* AND *SOUTHCO III* HAVE BEEN GENERALLY RECOGNIZED AS RELATED TO COMPUTER CODE

Kanebridge argues that certain cited authorities support its argument that "digital works" are limited to computer object code. The citations are inapposite. The 1996 ABA subsection report was never acted upon. None of the 1978 CONTU Report, the Hollaar treatise or the Stanford law review article suggest that object code is an

exception to the general scope of copyright protection. The 1980 Amendment to § 101 did not make object code copyrightable: that had been established in the 1976 Act which defined literary works to include numbers or numerical symbols. The 1980 Amendment simply defined "computer program" because it was inserted as a term in the concurrent amendment to § 117 to permit copying of a computer program as an essential step in its utilization in a computer.

Contrary to Kanebridge's argument, a number of authorities, both here and abroad, commenting on the Third Circuit's "mechanical application" ruling, have recognized its applicability to computer object code. The subject of computers and information technology was addressed under the title *Weak Database Protection in the United States?* in an article devoted entirely to the *Southco* case. David Bainbridge, *Weak Database Protection in the United States?,* IP & IT LAW 8.3(3) 12 August 2003 (LEXIS/UK Law Journals). The Southco case is also cited in the following articles concerning computer code: Jonathan Baird, *Symposium: Cyber Rights, Protection, And Markets: Database Cases Decided During the 106th Congress: Underprotection or Overprotection?*, 32 U. WEST. L. A. L. REV. 201, 203 (2001); Douglas L. Rogers, *Give The Smaller Players a Chance: Shaping the Digital Economy Through Antitrust and Copyright Law*, 5 MARQ. INTELL. PROP. L. REV. 13, 57, n.255 (2001); Corey W. Roush, *Database Legislation: Changing Technologies Require Revised Laws*, 28 DAYTON L. REV. 269, 278 (2002); Tara Zynda, *Ticketmaster Corp. v. Tickets.com, Inc.: Preserving Minimum Requirements of Contract On the the Internet*, 19 BERKELEY TECH. L. JOURN. 495, 500 (2004). The "short phrases" holding of the Third Circuit in *Southco III*, has also been recognized

as applying to computer programs. P.J. Pizzi, et al., *Idea v. Expression*, 233 N.Y. LAW JOURNAL, No. 34, Feb. 22, 2005: "'Short words' or encoded values within a computer program, for example, are apparently not protectable."

IV. THE THIRD CIRCUIT DECISION DOES NOT "REST SOLIDLY" ON THE "CREATIVE SPARK" TEST ESTABLISHED IN *FEIST*

The majority opinion in the Third Circuit did indeed state that Southco's part numbers do not reflect a "spark of creativity." But contrary to Kanebridge's argument, the Third Circuit did not base its decision upon the originality determination required by the Copyright Act or by the Supreme Court decision in *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340 (1991). It did so solely on the basis, not found in *Feist* or any prior copyright case, that they were "mechanically produced by the inflexible rules" of a system, A17, explaining that, because they were mechanically produced, it was "impossible for the numbers themselves to be original." A6.

In *Feist*, the Supreme Court examined the process by which the telephone directories were produced and concluded that the directories were not copyrightable, not because they had been mechanically produced by the printing process, but because there was no creativity in the process of selecting and organizing the information they contained. The court failed to find any underlying original mental conception, citing *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884). The Third Circuit made no assessment of the process of selecting and organizing involved in the creation of Southco's part numbers to determine if there was any original mental conception. The

Third Circuit decision thus does not "rest solidly" on the "creative spark" test established in *Feist*.

CONCLUSION

The Petition for a Writ of Certiorari should be granted.

DATE: July 19, 2005

Respectfully submitted,

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IN THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Docket No. 00-1102

SOUTHCO, INC.

v.

KANEBRIDGE CORP.

BRIEF OF APPELLEE SOUTHCO, INC.

Appeal from the January 12, 2000 Preliminary Injunction Order of the United States District Court for the Eastern District of Pennsylvania No. 00-1102

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